

Message Text

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66/43

ACTION EB-11

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INRE-00 USIA-15 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

SAM-01 FEA-02 INT-08 OMB-01 CIEP-02 IO-14 OIC-04

SCI-06 DRC-01 /164 W

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 6420

INFO AMEMBASSY BONN

AMEMBASSYSBRUSSELS UNN

AMEXBASSY COPENHAGEN

AMEXBASSY DUBLIN

AMEXBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

USMISSION OECD PARIS UNN

C O N F I D E N T I A L EC BRUSSELS 0803

STATE ALSO FOR T/IEP

E.O.11652: GDS

TAGS: ENRG, EEC, US

SUBJECT: ENERGY: COMMISSION REACTION TO US VIEWS ON WASHINGTON

ENERGY CONFERENCE -- TALKS WITH SOAMES

REF: A. EC BRUSSELS 652 B. STATE 19381 C. STATE 25377

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1. SUMMARY: SOAMES TELLS US THAT HE HAD REACTED

ERRONEOUSLY TO THE OVERALL US VIEWS ON THE WASHINGTON ENERGY CONFERENCE (REFTELS A AND B) AND, IN PARTICULAR, SHOULD NOT HAVE BEEN SURPRISED AT OUR DESIRSW INCLUDE FINANCE MINISTERS. HE SHARES THE WIDESPREAD BRUSSELS VIEW THAT THE MOST DIFFICULT ISSUES IN WASHINGTON ARE APT TO BE THOSE RELATED TO FOLLOW-UP ARRANGEMENTS AND TO TREATMENT OF LDCS IN THE COMMUNIQUE. SOAMES CONSIDERS THAT, WHATEVER CONCESSIONS THE OTHER EC GOVERNMENTS MAY HAVE MADE TO THE FRENCH IN CONNECTION WITH THE COMMUNITY'S POSITION FOR WASHINGTON, THE MAIN THING WAS TO ASSURE THAT THE COMMUNITY WOULD COME TO THE CONFERENCE. HE BELIEVES THAT, WITH CAREFUL HANDLING, SUFFICIENT IMPETUS CAN BE GENERATED TO PRODUCE A SUCCESSFUL MEETING. END SUMMARY.

2. ON FEBRUARY 7, AMBASSADOR GREENWALD REVIEWED WITH EC COMMISSION VICE PRESIDENT SOAMES THE CURRENT STATE OF PLAY ON THE WASHINGTON ENERGY CONFERENCE WHICH SOAMES WILL ATTEND. HE HANDED TO SOAMES EXCERPTS FROM THE SECRETARY'S FEBRUARY 6 REMARKS (REFTEL C). RE-CALLING HIS JANUARY 31 TALK WITH US (REFTELA), SOAMES SAID HE WISHED TO MAKE CLEAR THAT HE HAD BEEN WRONG ON ONE IMPORTANT POINT. HE IMPLIED THAT THIS HAD COLORED HIS OVERALL REACTION TO THE US VIEWS. IN A SENSE HE HAD MISLED HIS COMMISSION COLLEAGUES ABOUT THE ATTENDANCE OF FINANCE MINISTERS IN WASHINGTON BUT THIS HADNOT REPEAT NOT BEEN THE FAULT OF THE US GOVERNMENT. SOAMES HAS SINCE LEARNED FROM COMMISSION VICE PRESIDENT HAFERKAMP THAT THE MATTER WAS DISCUSSED AT THE C-20 MINISTERIAL MEETING IN ROME. INDEED, HAFERKAMP HAD REPORTED THE MATTER ORALLY TO THE COMMISSION, BUT NEITHER SOAMES NOR ORTOLI HAD GRASPED THE POINT.

3. IN SOAMES' PERSONAL OPINION, THE MOST DIFFICULT ISSUES IN WASHINGTON ARE LIKELY TO TURN ON HOW TO GET AROUND THE FRENCH ON THE QUESTION OF FOLLOW-UP ARRANGEMENTS AND ON THE COMMUNIQUE, SOAMES BELIEVES THE FRENCH ARE NOW SENSITIVE EVEN TO THE WORD "FOLLOW-UP" WHICH THEY SEE AS SHORTHAND FOR INSTITUTIONALIZATION.

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4. APART FROM FOLLOW-UP -- AND CLOSELY RELATED TO IT -- SOAMES THOUGHT THE MAJOR DIFFICULTIES IN THE COMMUNIQUE WOULD TURN ON TREATMENT TO BE GIVEN THE LDCS, CONSUMERS AND PRODUCERS. HE SEES THE LDC CONSUMER ISSUE AS ESSENTIALLY A POLITICAL AND OPTICAL PROBLEM SINCE COUNTRIES LIKE INDIA MUST BASICALLY WANT THE SAME THINGS AS THE DEVELOPED CONSUMER COUNTRIES: (A)

ASSURED SUPPLIES OF OIL: (B) THE LOWEST POSSIBLE PRICES: AND
(C) SOME MEANS OF COPING WITH THE BALANCE OF
PAYMENT EFFECTS OF ENERGY COSTS. ONE OF THE MOST
DIFFICULT PROBLEMS AT THE WASHINGTON CONFERENCE MAY
WELL BE HOW TO CHOOSE LDC CONSUMER COUNTRIES TO BE
INVITED TO A SUBSEQUENT MEETING -- SHORT OF INCLUDING
THE ENTIRE US MEMBERSHIP.

5. IN THE CASE OF THE PRODUCER COUNTRIES, SOAMES
THINKS THE OPTICAL PROBLEM MAY BE EASIER, PARTICULARLY
GIVEN THE SECRETARY'S REPEATED STATEMENTS MAKING CLEAR
THAT THE US IS NOT SEEKING SOME KIND OF CONFRONTATION.
THERE IS A REAL CLASH OF ECONOMIC INTERESTS BETWEEN
THE PRODUCERS AND THE CONSUMERS, BUT THE EXISTENCE OF
OPEC PROVIDES AN AUTOMATIC SOLUTION TO THE QUESTION OF
WHICH COUNTRIES TO INVITE.

6. COMMENTING ON THE FEBRUARY 4-5 EC COUNCIL MEETING,
SOAMES SAID HE VERY MUCH REGRETS THE PRESS STORIES DEPICTING
THE COMMUNITY'S POSITION ON THE WASHINGTON
CONFERENCE AS A VICTORY FOR THE FRENCH. THERE IS NOT
DOUBT THAT SIGNIFICANT CONCESSIONS WERE MADE TO FRANCE
IN ORDER TO GET A COMMON COMMUNITY POSITION AND
TO ENCOURAGE JOBERT TO ATTEND THE WASHINGTON MEETING.
SOAMES WOULD NOT DENY THIS. THERE WAS, HOWEVER, A
TACIT VIEW ON THE PART OF THE OTHER COUNCIL MEMBERS
THAT THE REALLY IMPORTANT THING WAS TO ASSURE THAT
THE WASHINGTON CONFERENCE WOULD GO AHEAD. SOAMES
SAID THAT HE AND, HE BELIEVES, MOST OF THE MINISTERS
FEEL THAT - ONCE THE SCENE OF ACTION SHIFTS TO
WASHINGTON -- THE CONFERENCE WILL DEVELOP A MOMENTUM
OF ITS OWN. SOAMES DOES NOT UNDERESTIMATE THE DIFFICULTIES
OF FINDING FORMULATIONS THAT WILL PACIFY
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THE FRENCH WHILE PERMITTING THE IMPORTANT SUBSTANTIVE
WORK TO GO FORWARD DURING AND AFTER THE CONFERENCE.
BUT HE BELIEVES THAT, WITH REASONABLE CARE, THESE TWO
OBJECTIVES CAN BE RECONCILED. GREENWALD

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